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IN THE
Supreme Court of the United States

OCTOBER TERM, 1977
No. 77-271

St. REGIS PAPER COMPANY,
Petitioner,
v.

ROYAL INDUSTRIES AND PLAS-TIES SUBSIDIARY,
Respondents.

St. REGIS PAPER COMPANY,
Petitioner,
v.

ROYAL INDUSTRIES AND PLAS-TIES SUBSIDIARY,
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITIONER'S REPLY BRIEF

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Petitioner, St. Regis Paper Company (hereinafter "St. Regis") submits this Reply Brief since Respondents, in their discussion of the findings of the District Court, erroneously seek to divert this Court's attention from the issues presented by the Petition.

REPLY TO POINT 1.

First, Bower's false oath is not "immaterial as that term was defined by the United States Court of Customs and Patent Appeals in *Norton v. Curtiss*, 433 F.2d 779" (Opposition Brief, p. 6):

"If it can be determined that the claims would *not* have been allowed *but for* the misrepresentation, then

the facts were material regardless of their effect on the objective question of patentability." 433 F.2d at 795. (emphasis the Court's)

The District Court found that the misrepresentation resulting from the false oath "is *material to* and *taints* the entire application and patent claims in suit" (A-30; F-20).*

The patent claims in issue, whether product or method, call for a first combination of elements or steps in combination with a cementitious coating. This first combination of elements is embodied *in toto* in original claim 1 of the Bower patent application. The District Court specifically found that the Patent Examiner "was persuaded to allow [the patent claims in issue] not by reason of . . . the cementitious coating . . . but by the argument that Bower's wire is almost entirely embedded in one of the ribbons. . . ." (A-29; F-19) This argument to the Patent Office, however, misrepresented the state of the prior art since Bower's admitted prior sale included a product in which the wire was entirely embedded in one of the ribbons (A-21; F-14).

The above misrepresentation to the Patent Office was compounded by Bower's oath which falsely represented to the Patent Office that the product described in original claim 1 had *not* been on sale for more than one year prior to the application (A-26; F-17A) and was therefore not part of the prior art. The District Court found that "[t]he patent office did not have an opportunity to pass upon the patentability of the mere addition of cementitious bonding material to an otherwise unpatentable tie strip because of the erroneous representation of the oath that the product

* The opinions below are reprinted in full in the Appendix to St. Regis' Petition. Page references beginning with A are to the Appendix. References beginning with F are to the specific findings set forth by the courts below in their opinions. Emphasis is ours unless otherwise indicated.

was novel without such a coating . . ." (A-30; F-20). Having also found that "[t]he examiner knew and pointed out that using a cementitious substance to bond the wire to the plastic was disclosed in earlier patents" (A-30; F-19) the Court necessarily determined that the Examiner, if he had the opportunity to pass on the true patentability question, would not have issued the patent. Thus, the Court below found, in essence, that the standard set forth in *Norton, supra*, was met since the Bower patent would not have issued but for the misrepresentation. Moreover, while the *Norton* court stated that this would be true regardless of the objective effect on patentability, here the Court found the patent invalid based on *the misrepresented prior art which had been withheld from the Patent Office*. Respondents' statement that the "District Court ha[d] before it the very same prior art facts as those reviewed by the Patent Office" (Opposition Brief, p. 8) misstates the trial evidence as well as the District Court's findings.

REPLY TO POINT 2.

Respondents also raise a false issue as to the so-called method claims. The District Court made specific findings that the product sold more than one year prior to the patent application was made by the method set forth in the method patent claims in issue (A-21; F-14) save for the step of adding the cementitious coating. The sale of a product made by a patented method more than one year prior to a patent application places such method in the prior art and invalidates any patent issued thereto. *Tool Research and Engineering Corp. v. Honcor Corp.*, 367 F.2d 449 (9th Cir. 1966), *cert. denied*, 387 U.S. 919, *rehearing denied*, 389 U.S. 893 (1967). The addition of a cementitious coating step to the otherwise unpatentable method steps embodied in the

prior art sale product necessarily invalidates these method claims.

REPLY TO POINT 3.

Respondents entirely ignore the critical findings of the District Court with respect to the misrepresentations which induced St. Regis to enter into the license agreement. The District Court found that "[a]t the outset of the negotiations leading to the license agreement . . . and in the presence of Mr. Bower [St. Regis'] negotiators requested assurances of the validity of the Bower patent prior to proceeding" [A-31; F-22] and "that [St. Regis'] consent to the license agreement was given by mistake and induced by the failure of . . . Plas-Ties to disclose material facts establishing the invalidity of the licensed patent" (A-31; F-24). Royal's attempt to focus this Court's attention on the language of the license agreement, written in a pre *Lear* setting when a licensee could be entirely estopped, is entirely misplaced since the Petition raises the consequences to Royal of its fraudulent inducement, and not an issue as to interpretation of the license agreement.

Respectfully submitted,

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November 29, 1977

CERTIFICATE OF SERVICE

I hereby certify that three copies of the foregoing Petitioner's Reply Brief were served on the following by mailing by first class air-mail to their respective attorneys at the address indicated below:

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I further certify that all parties required to be served have been served.

Dated: November 29, 1977

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